



## Douglas County Internal Audit

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March 16, 2016

Douglas County Board of Commissioners  
1819 Farnam Street, Suite LC2  
Omaha, NE 68183

Attention: Mary Ann Borgeson, Mike Boyle, Jim Cavanaugh, Clare Duda, Marc Kraft,  
PJ Morgan, and Chris Rodgers

Eric Carlson, Purchasing Agent  
1819 Farnam Street  
Omaha, NE 68183

Dear Mr. Carlson:

I have completed a performance audit of the County's processes used in acquiring and monitoring the usage of wireless devices. The purpose of the audit was to assess the adequacy and effectiveness of the County's policies and procedures for acquiring and upgrading wireless devices and services. Important aspects of an adequately designed policy are missing and adherence to existing policy including usage is not being monitored effectively. Specific issues and recommendations for improvement can be found in the Findings section of this report.

### **Background**

The County's vendor for providing wireless devices including phones, tablets, and various network connection devices and services is Verizon Wireless (Verizon). Corrections, the Sheriff and the Treasurer offices order their equipment and service themselves. All other County orders are processed through DOTComm. Each of the departments/offices has their own policies regarding authorizations needed for ordering and upgrading.

In addition to the county-wide billing sent to Purchasing, Verizon sends separate bills to the Health Department and Juvenile Probation. Analysis of billing and monitoring of usage is conducted differently for each of the billing sites. The total amount paid to Verizon for fiscal year 2013, 2014, and 2015 was \$182,617, \$185,224, and \$203,698. This is an increase of 11.5% over the last two years, and a 10.0% increase over the past year. As of the last billing date included in the testing, there were 383 cell numbers in use by the County. There were 348 numbers identified in the first bill tested, 12/23/14. This is a 10.1% increase which is consistent with the billing amount increase.

## **Objective**

The purpose of the audit was to assess the adequacy and effectiveness of the County's policies and procedures for acquiring and upgrading wireless devices and services. Specific objectives include the following:

- Cell phones are only provided to persons with a demonstrated need of the device to perform their duties as a County employee.
- Phone usage is monitored to see that carriers are charging the prices according to contractual terms, continued usage is justified, and phones are being used according to County policy.
- The County has an adequate process in place for provisioning and de-provisioning phones.

## **Scope**

The scope of the audit covered the billing period from 11/24/14 through 11/23/15.

## **Methodology**

Internal Audit (IA) assessed Section XVIII of the Douglas County Purchasing Department Policy Manual which includes the procedures for requesting the purchase of wireless devices and services. IA interviewed DOTComm and Purchasing personnel to see how the policies and procedures were carried out. Additional questioning was also directed to other County personnel who perform their own ordering, billing reviews, and device de-provisioning.

IA obtained the billing and usage information for the scope period identified above. The data was accumulated and samples chosen to determine if proper authorizations were obtained for purchasing and upgrading devices and services. The process for notifying County departments and offices was also tested to see if all pertinent data was provided to them and that they were effectively reviewing billing and usage for departments and offices. Specific findings for our audit are included in the Findings section below:

## **Findings**

### **Purchasing Policy**

**Criteria:** All purchases made by Douglas County should be made for legitimate business purposes that are properly documented. Section XVIII, D of the Douglas County Purchasing Department Policy Manual states, "County purchased cell phones, smart phones and other electronic devices should be used for business purposes only." Section XVIII, B. 1. states that "To obtain a new cell/smart phone, the user will contact their supervisor who will complete the *City of Omaha and Douglas County New Cell Phone Service Request Form* (Attachment F) and forward it to the Purchasing Department." The form includes a field to provide the business

purpose of the purchase. This form is also required to be used “to replace, upgrade, or cancel service for a cell/smart phone or data service” per Section XVIII, C. 1.

Condition: Although County policy requires a business purpose for purchasing wireless devices it does not provide any guidelines or criteria as to what would qualify as a legitimate business purpose. Neither does the policy provide guidelines as to what requirements must be met to be eligible for an upgrade in equipment or services. The Treasurer and Sheriff offices and the Corrections Department order their own wireless devices. They do not use any forms nor document any authorizations they obtain from supervisors for initial purchases or upgrades. (Although they do not document the business purpose or authorization, Corrections requires that they obtain them. The person ordering for the Sheriff does not need to obtain authorizations unless the purchase is greater than \$49.99. Then they require Chief Deputy approval and a purpose. The Treasurer’s office approves purchases as part of their budgeting process.)

In order to determine if the purchases were properly authorized including the proper completion of the Service Request Form, IA tested 40 wireless purchases from the scope period. There were 18 new device purchases and 22 upgrade purchases. The results of the testing follow:

- Service Request Forms that document business purpose and proper authorization could not be provided for 8 of the 18 new device purchases. There were no Sheriff, Corrections or Treasurer purchases included with the 18.
- Of the 10 forms that were provided, only 3 listed a business purpose for the purchase.
- Of the 3 business purposes provided, only 1 of the reasons provided was a valid reason. The reason listed for the others was that they were either a director or a manager. Having a management job title is not a legitimate business purpose for needing a wireless device.

Of the 22 upgrades selected for testing 5 were Corrections, Sheriff or Treasurer equipment purchases. As stated above, they do not document purchase authorizations. This resulted in 5 exceptions for testing. Of the remaining 17 upgrade purchases, the Service Request Form should have been used per County policy. However, DOTComm does not require the form to be used for upgrades. They regularly receive the upgrade requests through the DOTComm self-service portal. If the employee’s supervisor did not put in the request, they will contact the supervisor for approval if eligibility for an upgrade is met. Per the County’s contract, eligibility is met if the user has not upgraded in the previous 10 months. Supervisory approval obtained is not documented. Further testing of the 17 remaining upgrades follow:

- There was no documentation that provided evidence of supervisory approval for 8 of the 17 upgrades.
- Reasons for the upgrade were not provided for 7 of the 17 upgrades.
- Of the 10 business purposes provided, only 4 of the reasons provided were valid. The reason listed for the others was that the user was eligible for an upgrade. Eligibility is not a valid business reason for an upgrade. The cost for these six upgrades was \$1,547.

Effect: County management cannot be sure that all wireless purchases were made for legitimate business purposes. The County may have spent money without a legitimate business purpose.

Cause: Current County policy does not provide clear guidance or criteria for obtaining wireless services. Existing County purchasing policies were not enforced.

Recommendation: Rewrite the County Purchasing policy for wireless purchases. Include criteria that must be met to qualify for initial purchases and upgrades. Require that all related authorization documentation be kept for an appropriate period of time. Require that all office and departments use the same purchasing policy when ordering for their own offices and departments. Consider establishing a more robust monitoring process to see that policies are enforced.

Management Response: Purchasing management will work with County Chief Administrative Officer to review and revise Cell Phone Policy as recommended (currently Section XVIII. REQUESTING CELL PHONES, SMART PHONES AND DATA SERVICE, of Douglas County Purchasing Department Policy Manual). Revisions to the policy should include an explanation of the required documentation, which will require a clear justification from the department head for issuing a cell phone to any employee (any equipment upgrades will also need to be approved and documented by departmental management). Finally, Purchasing agrees that a clearly defined monitoring process should be established to ensure adherence to the revised policy.

#### Vendor Billings

Criteria: Management should define and communicate the necessary policies and guidelines needed to effectively monitor contract compliance including vendor billings.

Condition: The Purchasing Department uses a spreadsheet to summarize the Verizon Wireless billings by Oracle general ledger account strings. The spreadsheet is sent to the various departments and offices for their review. IA obtained the emails that were sent out and asked 10 of the 35 recipients of the June 2015 mailing how they used the spreadsheet. Analysis of the billings and the recipient responses follow:

- The emails were sent out only twice during the scope period.
- There was no one from the Mental Health Center included in the emails.
- The persons reviewing the billing spreadsheet have never been advised how to use the spreadsheet to conduct a proper review.
- One recipient was unaware they were receiving the spreadsheet.
- The level of detail provided in the spreadsheet provides for only a cursory review of the billing amount. It provides the normal billing amount, equipment purchase total, and a usage amount if there is usage that results in an additional amount that is more than the normal monthly billing amount. The spreadsheet does not provide any detail listing the type of usage that caused the additional billing amounts.
- The spreadsheet does not provide any information to indicate if there was zero usage of a device.
- IA identified 14 devices to deactivate that are no longer used that cost the County \$510 a month or \$6,120 a year.

Note: Nine of the devices have already been deactivated as a result of the audit.

Effect: The Verizon Billings were not being properly reviewed. Improper activity or inactivity may not be properly scrutinized and corrective actions taken.

Cause: Management did not effectively communicate how to analyze the billings or provide the data necessary to properly review the billings.

Recommendation: Consult with DOTComm in providing additional usage information to the Verizon Billing review recipients. Advise the departments and offices as to how to properly use the information. Include the contract terms to help the recipients determine the appropriate actions as to when it makes economic sense to upgrade, deactivate, or end service for a particular user. Send the billing information out in a timely manner each month. Ensure that the emails are sent to the appropriate personnel.

Management Response: Purchasing staff will work with DOT.Comm to provide the detailed usage information to the departments (including contract terms). Purchasing will help train these departments on how to utilize the information to make informed decisions on whether to upgrade, deactivate, or end service as suggested. Purchasing will update the distribution lists to reflect the appropriate personnel and schedule distribution of the billing information to go out on a monthly basis

### Wireless Device Security

Criteria: Security policies should be in place to protect important and confidential data from unauthorized access that could result in harm to the County and its citizens.

Condition: Section 3. of the DOTComm Mobile Device Management Policy states the following:

- 3. Remote wiping or the full erasure of the mobile devices will be enabled.
  - DotComm will not wipe your mobile device unless you, the owner, ask for it.

The Sheriff's office was not sure if wireless devices were wiped of data when they were returned or replaced by newer devices. All other departments/offices ordering wireless devices stated that their policy is to wipe all returned or replaced devices. Additionally, DOTComm policy does not require that mobile devices be encrypted.

Effect: Important data, possibly including HIPAA, HR, and CJIS confidential information could be stored in devices that are not wiped. This data could expose the County and individuals to legal liabilities and possibly even dangerous situations if the devices were lost or stolen and ended-up in the possession of the wrong persons.

Cause: The County does not have a requirement that mobile devices owned by the County or used to access the County applications be wiped if they are returned, replaced, lost or stolen. The County does not require wireless devices accessing County data and systems to be encrypted.

Recommendation: Douglas County policy should require that all wireless County-owned or personal devices accessing County data and systems are encrypted. The County should require that all mobile devices be wiped if they are taken out-of-service, replaced, lost, or stolen.

Management Response: Thanks for your drafting a cell phone audit, this has reviewed most of the areas that we are concerned with from a Network Security point-of-view, for a first time audit this is great start. It meets my satisfaction.

In order to proceed with the process of increasing the security of County phones either by enforcing device encryption, increasing the pass code length, or any other mobile device management task, a member of County management will need to enter a request with the Service Desk for the IT Security Team.

### **Audit Standards**

Internal Audit conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives. This report was reviewed with the Douglas County Purchasing Agent.

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Internal Audit appreciates the excellent cooperation provided by the managers and staff of the various offices/departments throughout the County. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-4327.

Sincerely,

Mike Dwornicki  
Internal Audit Director

cc: Mark Rhine  
Jude Lui  
Richard File  
Dan Esch  
Kathleen Hall  
Sheri Larsen  
Patrick Bloomingdale  
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